(2)

No. 00-995

IN THE

Supreme Court of the United States

PIZZA HUT INC.,

Petitioner,

v.

PAPA JOHN'S INTERNATIONAL, INC., and
PAPA JOHN'S USA, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION

PHILLIP A. WITTMANN
C. LAWRENCE ORLANSKY
MICHAEL Q. WALSHE, JR.
STONE, PIGMAN, WALTHER, WITTMANN & HUTCHINSON
546 Carondelet Street
New Orleans, LA 70130
(504) 581-3200

H. BARTOW FARR, III
Counsel of Record
RICHARD G. TARANTO
FARR & TARANTO
1220 19th Street, NW
Suite 800
Washington, DC 20036
(202) 775-0184

Counsel for Respondents

WILSON-EPES PRINTING CO., INC. – (202) 789-0096 – WASHINGTON, D. C. 20001

23 pp

QUESTION PRESENTED

Whether, in this false advertising case brought under the Lanham Act, 15 U.S.C. § 1125(a), the Fifth Circuit correctly held that the evidence submitted by petitioner failed to establish that certain challenged advertisements "were material to, that is, they had a tendency to influence the purchasing decisions of, the consumers to which they were directed" (Pet. App. 25a).

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
TABLE OF AUTHORITIES	iv
STATEMENT	1
ARGUMENT	8
I. There Is No Conflict Among the Circuits	9
II. This Case Was Correctly Decided and Is of No General Importance	14
CONCLUSION	18

TABLE OF AUTHORITIES

Cases	Page
American Council of Certified Podiatric Physicians and Surgeons v. American Bd. of Podiatric Surgery, Inc., 185 F.3d 606 (6th Cir. 1999)	14, 17
American Tel. & Tel. Co. v. Winback and Conserve Program, Inc., 42 F.3d 1421 (3d Cir. 1994)	9, 17
Blue Dane Simmental Corp. v. American Simmental Ass'n, 178 F.3d 1035 (8th Cir. 1999)	14
Clorox Co. Puerto Rico v. Proctor & Gamble, 228 F.3d 24 (1st Cir. 2000)	6, 15
Coca-Cola Co. v. Tropicana Products, Inc., 690 F.2d 312 (2d Cir. 1982)	16
FTC v. Colgate-Palmolive Co., 380 U.S. 374 (1965)	13
Hewlett-Packard Co. v. Nu-Kote Int'l, Inc., 155 F.3d 571, 1998 WL 398818 (Fed. Cir.) (unpublished decision)	9, 17
Johnson & Johnson v. Smithkline Beecham, 960 F.2d 294 (2d Cir. 1992)	16, 17
National Ass'n of Pharmaceutical Mfrs., Inc. v. Ayerst Labs., 850 F.2d 904 (2d Cir. 1998)	17
National Basketball Ass'n v. Motorola, Inc., 105 F.3d 841 (2d Cir. 1997)	9, 12, 17
Neder v. United States, 527 U.S. 1 (1999)	9
Novartis Corp. v. FTC, 223 F.3d 783 (D.C. Cir. 2000)	9, 13, 16, 18
Ortho Pharmaceutical Corp. v. Cosprohar, Inc., 32 F.3d 690 (2d Cir. 1994)	16
Sandoz Pharm. Corp. v. Richardson-Vicks, Inc., 902 F.2d 222 (3d Cir. 1990)	13, 16, 17
Taquino v. Teledyne Monarch Rubber, 893 F.2d 1488 (5th Cir. 1990)	10

TABLE OF AUTHORITIES—Continued

Page

United Industries Corp. v. Clorox Co., 140 F.3d 1175 (8th Cir. 1998) 17

Vidal Sassoon, Inc. v. Bristol-Myers Co., 661 F.2d 272 (2d Cir. 1981) 17

Warner-Lambert Co. v. Breathasure, Inc., 204 F.3d 87 (3d Cir. 2000) 16

Statute

Lanham Act, 15 U.S.C. § 1125(a) ..... *passim*

Other Authorities

4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 27:35 (4th ed. 1997) 10, 18

Jean W. Burns, *Confused Jurisprudence: False Advertising Under the Lanham Act*, 79 B.U.L. Rev. 807 (1999) 18

IN THE

Supreme Court of the United States

No. 00-995

PIZZA HUT INC.,

Petitioner,

v.

PAPA JOHN'S INTERNATIONAL, INC., and
PAPA JOHN'S USA, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION

STATEMENT

Petitioner Pizza Hut, the market leader in pizza chains, brought this suit under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), to enjoin the advertising campaign of its rival, Papa John's (owned by respondents), which features the slogan "Better Ingredients. Better Pizza."[1] The Fifth Circuit, vacating an injunction issued by the district court, concluded that the slogan "Better Ingredients. Better Pizza." was nonactionable puffery and that certain Papa John's advertisements using the

[1] Respondent Papa John's International, Inc., is the parent company of respondent Papa John's USA, Inc. No publicly held company owns 10% or more of the stock of Papa John's International, Inc.

slogan, which focused particularly on its pizza sauce and dough, were true in each of their specifics and not shown to convey a materially deceptive implication. Pizza Hut seeks review only of the last ruling—that it failed to prove a material deception—arguing that the decision creates an inter-circuit conflict among federal courts of appeals. That conflict is illusory; the fact-specific decision of the Fifth Circuit is correct and does not warrant review.

1. This case involves a lawsuit filed by Pizza Hut, "the largest pizza chain in the United States" (Pet. App. 2a), against one of its fastest-growing competitors, Papa John's. The events at issue began in 1995, when Papa John's, a decade after its founding, adopted the slogan "Better Ingredients. Better Pizza." *Id.* at 3a. The slogan, which was granted trademark registration by the Patent and Trademark Office, became the centerpiece of Papa John's advertising in various media. *Id.*

In 1997, Pizza Hut launched an advertising campaign in which it declared "war" on poor quality pizza. *Id.* National advertisements "touted the 'better taste' of Pizza Hut's pizza, and 'dared' anyone to find a 'better pizza.'" *Id.* Papa John's responded immediately with new advertisements featuring Pizza Hut co-founder Frank Carney, who had recently returned to the pizza business as a Papa John's franchisee, voicing his preference for Papa John's pizza. *Id.* That campaign was followed in early 1998 by additional advertisements reporting the results of consumer taste tests that favored Papa John's. *Id.* at 3a-4a.

Shortly thereafter, Papa John's ran the advertisements that are the subject of the specific Fifth Circuit ruling challenged in the petition. Those advertisements "touted the superiority of its sauce and its dough," and employed the slogan "Better Ingredients. Better Pizza." as the tag line. *Id.* at 4a. With respect to sauce, Papa John's asserted that it used fresh tomatoes canned through a "fresh pack" process, whereas competitors like Pizza Hut used remanufactured tomato paste. *Id.* With

respect to dough, Papa John's asserted that it used "clear filtered water" and unfrozen dough, whereas the "biggest chain" used tap water and "some folks" used frozen dough. *Id.*

Invoking the false advertising provisions of the Lanham Act, 15 U.S.C. § 1125(a), Pizza Hut sued Papa John's to challenge the entire advertising campaign. With respect to the sauce and dough ads, Pizza Hut did not dispute "the truthfulness of the underlying factual assertions made by Papa John's in the course of those ads"—use of "fresh pack" tomatoes rather than paste for sauce, use of filtered rather than tap water, use of fresh rather than frozen dough. *Id.* Pizza Hut complained, instead, that Papa John's chosen sauce and dough ingredients made no difference (and thus were not "superior") in "taste." *Id.* Papa John's counterclaimed that certain Pizza Hut advertisements were themselves unlawful under the Lanham Act. *Id.* at 5a.

The questions of liability were submitted to a jury, which was instructed about the required elements of a false advertising claim under the Lanham Act: a "faise or misleading" "representation of fact"; actual or likely deception of a "substantial segment of the audience to whom the advertising was directed"; materiality of such deceptions "in the sense that such statements were likely to influence the purchasing decisions of the intended audience"; and likelihood of injury. *Id.* at 85a. The jury was then given special interrogatories. *Id.* at 85a-91a. The interrogatories addressed, in sequence, claims about Papa John's slogan itself, "taste test" claims, "sauce" claims, "dough" claims, and other "ingredients" claims. *Id.* at 85a-88a. (The interrogatories subsequently addressed Papa John's counterclaims challenging Pizza Hut's advertisements. *Id.* at 88a-90a.) The interrogatories as to each topic did not address materiality and likely injury. Instead, they focused solely upon the first two elements of the established test under the Lanham Act: whether the representations were false or misleading, and whether those representations deceived or were likely to deceive a substantial number of consumers. *Id.*; *see*

id. at 6a n.2 (summarizing interrogatories given), 6a n.1 (summarizing requested but denied interrogatories on materiality and injury).

The jury found against Pizza Hut with respect to the "taste test" claims, finding no actual or likely deception. *Id.* at 86a. The jury also found against Pizza Hut on the (non-sauce, non-dough) "ingredients" claims, finding no false or misleading factual representations. *Id.* at 88a; *id.* at 7a. As to the "Better Ingredients. Better Pizza." slogan, however, and the "sauce" and "dough" claims as well, the jury found for Pizza Hut and against Papa John's. *Id.* at 85a-88a; *id.* at 6a. On Papa John's counter-claims, the jury found that two of the Pizza Hut advertisements were false or misleading and that they had deceived or were likely to deceive consumers. *Id.* at 88a-90a.[2]

The trial judge, after additional briefing on forms of relief, then concluded that, whereas the Papa John's slogan itself had originally been nothing more than nonactionable puffery, it had subsequently become tainted once the more specific "sauce" and "dough" advertisements were introduced. *See id.* at 7a. The judge entered an injunction that (among other things) prohibited any and all uses of the slogan or any "recognizable variation," barred use of the term "better" to modify the words "ingredients" or "pizza," and forbade any explicit or implied claims "that a component of Papa John's pizza is superior to the same component of Pizza Hut's unless the superiority claim is supported by either (1) scientifically demonstrated attributes of superiority or (2) taste test surveys." *See id.* at 7a-8a. The judge also awarded Pizza Hut more than $450,000 to pay for its "corrective ads." *Id.* at 8a.

2. The court of appeals reversed, ordering entry of judgment for Papa John's. *Id.* at 1a-28a. With respect to the slogan itself, the heart of the dispute, the court of appeals reversed on grounds that are not the subject of the certiorari petition filed by

---

[2] Pizza Hut did not appeal its liability on those claims. *Id.* at 7a n.4.

Pizza Hut: that the slogan was nonactionable puffery (*id.* at 16a-18a) and that the slogan was not tainted—and hence its use by itself could not be enjoined—based on its inclusion in the sauce and dough advertisements (*id.* at 23a-24a n.11). With respect to the sauce and dough advertisements, the court of appeals concluded that the advertisements could be considered misleading. *Id.* at 23a. The court reversed the decision below, however, on the grounds now presented in the certiorari petition: that petitioner had failed to prove *a material* deception (*id.* at 24a-27a).

The Fifth Circuit first set forth the background and district court proceedings as recounted above. In so doing, it observed that the district court, while submitting special interrogatories to the jury on some elements of a Lanham Act claim, had refused to submit interrogatories on the elements of materiality and injury, despite requests to that effect by Papa John's. It pointed out that, with regard to materiality, the district court had declined to submit a special interrogatory asking, for each of the asserted misrepresentations, whether they were "material, in that they are likely to influence the purchasing decisions of prospective purchasers of pizza." *Id.* at 6a n.1. In the following footnote, the Fifth Circuit noted that the jury had answered special interrogatories about misrepresentation and deception, but that it had not been asked to decide "whether the deception created by these advertisements was material to the consumers to which the ads were directed—that is, whether consumers actually relied upon the misrepresentations in making purchasing decisions." *Id.* at 6a-7a n.2.[3]

The Fifth Circuit then turned to the requirements of the Lanham Act. The court of appeals recited the well-established

---

[3] As we discuss, *see* pages 11-13 *infra*, petitioner structures its petition around a claim that this observation in footnote two about the non-given special interrogatories is a "holding" of the Fifth Circuit that creates a conflict with decisions of other federal courts of appeals. *See* Pet. 2-5, 13-22.

and undisputed elements of a Section 43(a) false advertising case: the same four elements enumerated in the jury instructions (plus the required effect on interstate commerce). *Id.* at 9a-10a; *see, e.g., Clorox Co. Puerto Rico v. Proctor & Gamble*, 228 F.3d 24, 33 & n.6 (1st Cir. 2000). In particular, after stating that the required false or misleading factual statement must have "deceived, or had the capacity to deceive[,] a substantial segment of potential consumers," the court stated and defined the applicable materiality requirement: that "[t]he deception is material, *in that it is likely to influence the consumer's purchasing decision.*" Pet. App. 9a-10a (emphasis added).

The court of appeals went on to discuss certain aspects of the "well settled" elements for liability. *Id.* at 10a. Specifically, it explained the established law that a "general claim of superiority over comparable products," with no objectively measurable or verifiable claim, is nonactionable puffery (*id.* at 11a-13a)—that is, it is an opinion that is "not an objectifiable statement of fact upon which consumers would be justified in relying." *Id.* at 28a. The court of appeals then recounted established law that evidence of impact on consumers, while not necessary for literally false statements, is required for representations that are merely misleading. *Id.* at 11a, 13a-15a. The court noted that "if the statements at issue are either ambiguous or true but misleading, the plaintiff must present evidence of actual deception." *Id.* at 14a. It also stated that the burden for plaintiffs seeking injunctive relief is less substantial than the burden for plaintiffs seeking damages. *Id.* at 14a-15a.

Turning to the facts of this case, the court of appeals rejected Pizza Hut's challenge to the "Better Ingredients. Better Pizza." slogan itself. *Id.* at 15a-18a. It concluded that each half of the slogan, and the slogan as a whole, were "non-actionable opinion." *Id.* at 18a. The court noted that, in this context, the term "better" is "unquantifiable": "What makes one food ingredient 'better' than another comparable ingredient, without further description, is wholly a matter of individual taste or

preference not subject to scientific quantification." *Id.* at 17a.[4] Having determined that "[e]ach half of the slogan amounts to little more than an exaggerated opinion of superiority that no consumer would be justified in relying upon," *id.* at 18a, the court found that the same was true of the entire slogan. *Id.* The court therefore held that use of the slogan standing alone was not actionable under the Lanham Act, later making clear that the evidence did not support injunctive relief against all future uses of the slogan itself—even if the sauce and dough advertisements (which used the slogan) were properly deemed to violate the Act. *Id.* at 23a-24a n.11.

The court of appeals ultimately determined, however, that the sauce and dough advertisements did not violate the Act. While recognizing that "Pizza Hut does not contest the truthfulness of the underlying factual assertions made by Papa John's in the course of the sauce and dough ads," the court decided initially that the jury could find the slogan, as used in the sauce and dough ads, to be "misleading—but not false." *Id.* at 21a-22a. The court accepted that the comparisons of sauce and dough ingredients were accurate, and that the slogan itself was nonactionable because it expressed an opinion about a matter of taste, but it nevertheless concluded that the jury could regard, as a misleading representation of "fact," the implication that Papa John's sauce and dough ingredients were "better" and that as a result its pizza was "better." *Id.* at 23a. In reaching this conclusion, the court of appeals relied on the absence of a "quantifiable" difference between Papa John's sauce and dough ingredients and those of Pizza Hut. *Id.* at 22a-23a.

The court nevertheless rejected liability for the sauce and dough ads (and for the slogan when used in those ads) because

---

[4] The court of appeals observed that numerous pizza chains such as Domino's ("Nobody Delivers Better."), Donato's ("Best Pizza on the Block."), Mr. Gatti's ("Best Pizza in Town: Honest!"), Pizza Inn ("Best Pizza Ever." and "The Best Tasting Pizza.")—and Pizza Hut itself ("The Best Pizza Under One Roof.")—used similar slogans in their advertising. *See* Pet. App. 17a n.8.

Pizza Hut had failed to prove that "reasonable consumers would have a tendency to rely on this misleading statement of fact in making their purchasing decisions." *Id.* at 24a. *See also id.* at 24a-25a (noting that "Pizza Hut was required to submit evidence establishing that the impliedly false or misleading statements were material to, that is, they had a tendency to influence the purchasing decisions of, the consumers to which they were directed"). Reviewing the proof as a whole, the court concluded that the evidence put forth by Pizza Hut was insufficient: one survey had been excluded from evidence; additional surveys addressed ads other than the sauce and dough ads; Papa John's internal "tracking studies" traced "personal eating experiences," rather than consumer beliefs with regard to the challenged ads; and Papa John's alleged intent to convey the asserted message did not show "that consumers in fact relied on the message to make their purchases." *Id.* at 26a-27a. The court of appeals thus found that "Pizza Hut has failed to offer probative evidence on whether the misleading facts conveyed by Papa John's through its slogan were material to consumers: that is to say, there is no evidence demonstrating that the slogan had the tendency to deceive consumers so as to affect their purchasing decisions." *Id.* at 27a.

ARGUMENT

This case does not warrant further review. Although petitioner asserts that the Fifth Circuit has adopted a standard for determining materiality in Lanham Act cases that is in conflict with the standards employed by other federal courts of appeals, the Fifth Circuit relied on, and directly applied, the very test that other circuits use and that petitioner has endorsed. Moreover, the decision below is correct: not only was the proof offered by petitioner inadequate to prove the essential element of materiality, but it was insufficient to prove the essential element of deception as well. The petition thus should be denied.

I. *There Is No Conflict Among the Circuits.*

The crux of the petition in this case is an assertion that the Fifth Circuit has adopted a standard for establishing materiality that is at odds with the standards adopted by other federal courts of appeals. Pet. 13-22. According to petitioner, the Third Circuit (in a Lanham Act case) and the D.C. Circuit (in a Federal Trade Commission Act case) have required that a misrepresentation, to be material, must be "'likely to influence [the] purchasing decisions' of a reasonable consumer." Pet. 15, citing *American Tel. & Tel. Co. v. Winback and Conserve Program, Inc.*, 42 F.3d 1421, 1428 n.9 (3d Cir. 1994); *Novartis Corp. v. FTC*, 223 F.3d 783, 787 (D.C. Cir. 2000). Petitioner further asserts that the materiality tests utilized by the Second Circuit and Federal Circuit, although worded somewhat differently, likewise have focused on whether the misrepresentation is likely to affect consumer decisions in the marketplace. *See* Pet. 15-16, citing *National Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 855 (2d Cir. 1997); *Hewlett-Packard Co. v. Nu-Kote Int'l, Inc.*, 155 F.3d 571, 1998 WL 398818, at *4 (Fed. Cir. June 15, 1998) (unpublished decision).[5] Petitioner thus argues that "[t]he appropriate legal test for materiality" (Pet. 4) is one that asks whether a misrepresentation is likely to affect decisionmaking: that is, whether it has "a natural tendency to influence, or [is] capable of influencing, the decision of the decisionmaking body to which it was addressed." *Neder v. United States*, 527 U.S. 1, 16 (1999) (non-Lanham Act case) (internal quotation marks omitted). Petitioner then criticizes the Fifth Circuit for not applying this test. Pet. 3-4, 13-22.

---

[5] Although the Second Circuit has not expressly applied the "likely to influence" standard used by other circuits, it has indicated that its inquiry amounts to essentially the same thing. *See National Basketball Ass'n v. Motorola, Inc.*, 105 F.3d at 855 (quoting *American Tel. & Tel. Co. v. Winback and Conserve Program, Inc., supra*).

The obvious flaw in this argument, and with the claims of inter-circuit conflict, is that the Fifth Circuit, in its decision, explicitly endorsed—and then expressly applied—the very standard that petitioner urges. Thus, in setting forth the required elements for establishing a claim under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), the Fifth Circuit identified, as the third of five elements, that "[t]he deception is material, *in that it is likely to influence the consumer's purchasing decision.*" Pet. App. 10a (emphasis added). In so doing, the court of appeals specifically relied upon an earlier Fifth Circuit decision, *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1500 (5th Cir. 1990), which had endorsed the same standard. *See* Pet. App. 10a. Indeed, for all its charges about the waywardness of the Fifth Circuit, even petitioner seems to accept (though almost *sub silentio*) that the Fifth Circuit adheres to the same definition of required elements, including the definition of materiality, as do other federal courts of appeals. *See* Pet. 13.

The Fifth Circuit then applied that unobjectionable standard to the present case. Having determined that some, but not all, advertisements put forward by Papa John's were misleading, the court of appeals declared: "we must now determine whether reasonable consumers *would have a tendency to rely* [on the misleading material] in making their purchasing decisions." Pet. App. 24a (emphasis added). To conduct that inquiry, the court went on to examine the evidence in the record, specifically asking whether petitioner had "establish[ed] that the impliedly false or misleading statements *were material to, that is, they had a tendency to influence* the purchasing decisions of, the consumers to which they were directed." Pet. App. 24a-25a (emphasis added). *See also id.* at 25a (quoting 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 27:35 (4th ed. 1997) ("[p]laintiff must make some showing that the defendant's misrepresentation was 'material' in the sense that it would have some effect on consumers' purchasing decisions"). Having examined the record, the court of appeals

concluded that "Pizza Hut has failed to offer probative evidence on whether the misleading facts . . . were material to consumers: that is to say, there is no evidence demonstrating that the slogan *had the tendency to deceive consumers so as to affect their purchasing decisions*." *Id.* at 27a (emphasis added).

Petitioner fails even to mention, much less discuss, this reliance by the Fifth Circuit on the same basic standard that petitioner itself advocates. Instead, it attempts to build its petition and asserted inter-circuit conflict around a claim that what the court below "held" (Pet. 3) is contained in a footnote, found in that part of the opinion reviewing the history of the case, which simply discusses special jury interrogatories that respondents had requested and that the district court had declined to give. *See* Pet. App. 6a-7a n.2 (noting that "the interrogatories [submitted by the district court] failed to ask whether the deception created by these advertisements was material to the consumers to which the ads were directed—that is, whether consumers actually relied on the misrepresentations in making purchasing decisions"). But this characterization of the court of appeals' decision is pure fancy. To state the obvious, it is utterly implausible that the Fifth Circuit meant to signal its departure from the accepted test for materiality previously applied both in that circuit and in other federal courts of appeals by asserting a new and different test in a footnote summarizing part of the district court proceedings. That notion becomes even more unlikely, of course, in light of the fact that the Fifth Circuit subsequently and repeatedly declared, during its discussion of the relevant legal standards and their application, its continued allegiance to the usual standard for materiality, ultimately applying that test in express terms to the facts of this case.

Even if that were not the case, moreover, the parenthetical remark about materiality in this footnote discussing trial proceedings can scarcely be afforded the significance that Pizza Hut assigns to it. Read in context, it appears to be little more than a statement cross-referencing (albeit somewhat

inaccurately) the special interrogatories that Papa John's had unsuccessfully asked the district court to submit. In the immediately preceding footnote, *see* Pet. App. 6a n.1, the Fifth Circuit had noted that respondents had drafted special interrogatories on the issue of materiality, seeking to have the jury determine whether any representations challenged by Pizza Hut were "likely to influence the purchasing decisions of prospective purchasers of pizza." *Id.* The thrust of the ensuing footnote was simply an observation that, even though the district court had chosen to submit special interrogatories on various other elements of a Section 43(a) claim, it had not given special interrogatories on materiality. *See also id.* at 27a n.15 (referring back to the discussion of rejected special interrogatories in footnote two).[6]

Furthermore, Pizza Hut does not, and could not, contend that evidence of actual reliance is never important, or even that it may not be needed in certain circumstances, in order to prove likely influence on consumers, as the element of materiality requires. As a matter of evidentiary logic, proof of actual reliance may be all that can establish a tendency to influence consumers in those cases where it is not plausible to infer the required influence from the face of the challenged representation. While it is certainly true that some representations, by their very nature, may lead consumers to alter their purchasing decisions, it is equally true that not all representations will have that effect. *See, e.g., National Basketball Ass'n. v. Motorola, Inc.*, 105 F.3d at 854-55.[7] The

---

[6] The Fifth Circuit, while finding it unnecessary to decide the issue, ultimately gave strong indications that it considered the failure to give the special interrogatories on materiality and injury to be reversible error. *See* Pet. App. 27a n.15.

[7] In *National Basketball Ass'n. v. Motorola, Inc.*, one of the few court of appeals cases on materiality that Pizza Hut cites, the Second Circuit held that the challenged representation (about where certain sports scores came from) was not material (to the purchasing of a pager service), in that it would not influence consumer purchases. *See* 105 F.3d at 855. This conclusion

role that evidence of reliance plays in establishing materiality thus will depend upon the facts of the particular case.

Petitioner points to the fact that the Federal Trade Commission may broadly employ presumptions in challenging advertisements as false or misleading, Pet. 18-19, but that fact has little to do with the issues presented here. The cited authorities involve the Federal Trade Commission Act, not the Lanham Act, and judicial deference to the Commission simply reflects the respect accorded to an administrative agency with significant policymaking responsibility and with specialized knowledge about consumer behavior. *See FTC v. Colgate-Palmolive Co.*, 380 U.S. 374 (1965); *Sandoz Pharm. Corp. v. Richardson-Vicks, Inc.*, 902 F.2d 222, 228 (3d Cir. 1990). Moreover, even in that context, the Commission recently has found it "necessary" to go beyond a presumption of materiality and to rely on "numerous consumer and marketplace studies" in order to find materiality in a case before it. *Novartis*, 223 F.3d at 787. In any event, private Lanham Act suits, unlike proceedings under the Federal Trade Commission Act, raise the anticompetitive danger that firms (especially established firms) will bring false advertising claims in order to impose litigation burdens on rivals (especially upstart rivals) and thus to inhibit vigorous competition. Given that possibility, the standards under the Federal Trade Commission Act cannot simply be transposed indiscriminately to cases brought under the Lanham Act. *See Sandoz*, 902 F.2d at 228.

In short, the law applied by the Fifth Circuit in this case is consistent with the law applied by other circuits in Lanham Act cases. There is no conflict for this Court to resolve.

---

presumably would have been different, however, if the plaintiff had come forward with evidence of actual consumer reliance on that representation.

II. *This Case Was Correctly Decided and Is of No General Importance.*

The decision below is also correct. Not only did the Fifth Circuit properly find against petitioner on the issue of materiality, it could have reached the same result just as readily, and just as correctly, on the ground that petitioner had failed to prove the element of deception. *See also* note 7 *infra*. In order to establish its Lanham Act claim, petitioner was required to prove both that the asserted misrepresentations tended to deceive consumers and that any resulting deception had a tendency to influence their purchasing decisions. *See* Pet. App. 9a-10a; *American Council of Certified Podiatric Physicians and Surgeons v. American Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 613-14 (6th Cir. 1999); *Blue Dane Simmental Corp. v. American Simmental Ass'n*, 178 F.3d 1035, 1042-43 (8th Cir. 1999). In fact, petitioner proved neither.

With respect to the issue of materiality, the court of appeals correctly found that nothing put forward by Pizza Hut demonstrated that the asserted misrepresentations would have a tendency to influence consumers in making their purchasing decisions. *See* Pet. App. 26a-27a. The Fifth Circuit properly noted that part of the evidence had been excluded by the district court, part concerned advertisements found not to be misleading, and part established only that many consumers regarded Papa John's ingredients as superior, without indicating whether that view derived from consideration of its advertisements or from, for example, eating the pizza itself. *Id.* at 26a-27a. Apart from this inadmissable and irrelevant evidence, petitioner sought to establish materiality largely on the basis of conjecture—tied, in part, to the purported intention of Papa John's executives *(id.* at 27a)—that consumers would act upon assertions about various ingredients (*e.g.*, "fresh pack" tomatoes, fresh dough, and filtered water) in Papa John's pizzas and their superiority over ingredients in pizzas made by Pizza Hut. Given the inherently subjective nature of consumer

attitudes towards the taste and relative quality of various food products, however, the Fifth Circuit was well within proper bounds in refusing to accept this unmoored speculation as sufficient proof of materiality.

This case, in fact, would be an especially poor one in which to assume, without more, that the challenged statements would necessarily alter behavior in the marketplace. After all, as the Fifth Circuit observed, the kinds of representations deemed to be puffery, like the "Better Ingredients. Better Pizza." slogan itself, are representations of subjective opinion on which consumers would not reasonably rely in making their purchasing decisions. Pet. App. 12a-13a. Yet the "misleading statement" found actionable by the Fifth Circuit—the use of that same slogan in the particular context of the sauce and dough ads—is, if actionable at all, so close to puffery that it is at least *unlikely* that consumers would decide to rely on it. Even as described by the Fifth Circuit (*id.* at 23a), the actionable representation is still about a matter of subjective personal taste; indeed, it is doubly so (what pizza tastes like, which kinds of tastes are "better"). There is good reason, therefore, to question the degree of weight that consumers would put on it in making their choices about what brand of pizza to purchase.[8]

For much the same reasons, the Fifth Circuit could equally well have found inadequate proof of deception. Although the court of appeals did not separately address the sufficiency of proof on the element of deception, other than initially referring to certain jury findings on the issue (Pet. App. 6a-7a), it appeared to recognize that deception and materiality, while

---

[8] Although it is not necessary to the arguments made in this brief, Pizza Hut's claim could also have been properly rejected on the ground that the slogan, even in the context of (accurate) sauce and dough ads, is non-actionable puffery: a matter of opinion about what tastes "better." This use of the term "better" is still subjective and, unlike the uses in every case cited by Pizza Hut in its footnote (Pet. 20 n.3), refers to no objectively identifiable function that can be carried out in measurably more or less successful ways. *See* Pet. App. 11a-13a; *Clorox Co. Puerto Rico v. Proctor & Gamble*, 228 F.3d 24, 37 (1st Cir. 2000).

distinct, are often closely related. *See id.* at 13a-15a, 24a-25a.[9] It seems self-evident, in fact, that Lanham Act plaintiffs cannot demonstrate that consumers would be *materially deceived* regarding advertisements about a product—*i.e.*, that an alleged misrepresentation would have "the tendency to deceive consumers so as to affect their purchasing decisions" (*id.* at 27a)—unless they are able to prove that consumers would be deceived. This linkage between the elements of deception and materiality reflects the common-sense fact that, in the Lanham Act context, consumer beliefs about challenged representations ultimately make a difference only with respect to the likelihood of an eventual purchase.

As the Fifth Circuit accurately noted, Pet. App. 14a-15a, 25a n.12, the burden of proof faced by Lanham Act plaintiffs depends upon the nature of the alleged misrepresentations. Although petitioner never openly acknowledges it, this case does not involve either literally false statements or the sort of egregious intentional misrepresentations that might be treated in the same manner as literally false statements. *See generally Warner-Lambert Co. v. Breathasure, Inc.*, 204 F.3d 87, 94-95 (3d Cir. 2000). It is at most a case of literally true, but potentially misleading, statements. *See* Pet. App. 21a (statements not "factually false, but only impliedly false or

---

[9] The opinion below at times shifted between the elements of deception and materiality without distinction, commingling the discussion of Lanham Act elements in a manner that is not uncommon in federal courts of appeals. For example, the D.C. Circuit, in an FTC case, recently did much the same thing. *See Novartis*, 223 F.3d at 787 n.3 ("The FTC's definition of materiality, however, embraces any claim that is 'likely to mislead a reasonable consumer.' There is no requirement of actual deceit. If a claim is material because likely to deceive, it is not rendered otherwise simply because it is unsuccessfully advertised."). *See generally Coca-Cola Co. v. Tropicana Products, Inc.*, 690 F.2d 312, 317 (2d Cir. 1982); *Johnson & Johnson v. Smithkline Beecham*, 960 F.2d 294, 301 (2d Cir. 1992); *Ortho Pharmaceutical Corp. v. Cosprohar, Inc.*, 32 F.3d 690, 695-97 (2d Cir. 1994) (failure to prove likely injury tied to failure to prove deception); *Sandoz*, 902 F.2d at 225.

misleading"); *see generally id.* at 20a-23a. As a result, petitioner is not entitled to obtain relief, even injunctive relief, based merely upon speculation about the possible impact of the statements on potential consumers. *See Sandoz*, 902 F.2d at 228-29; *Certified Podiatric Physicians*, 185 F.3d at 614. Rather, a plaintiff seeking an injunction based upon implied misrepresentations "cannot obtain relief by arguing how consumers *could* react; it must show how consumers *actually do* react." *Sandoz*, 902 F.2d at 229; *see also Certified Podiatric Physicians*, 185 F.3d at 614; *United Industries Corp. v. Clorox Co.*, 140 F.3d 1175, 1182-83 (8th Cir. 1998); *Johnson & Johnson v. Smithkline Beecham*, 960 F.2d 294, 297-98 (2d Cir. 1992). Once again, the proof offered by petitioner—most of which was either inadmissable or simply beside the point (*see* Pet. App. 24a-27a)—failed to meet that standard.

These matters, in any event, are highly fact-specific and involve no issues of general importance. Insofar as the element of materiality is concerned, petitioner has made no showing that either the definition or the application of this element in Lanham Act cases has been a source of genuine difficulty for federal courts of appeals. Indeed, even though it asserts that this case "presents a recurring and important question of federal law" (Pet. 22) (capital letters omitted), petitioner cites only three published court of appeals decisions addressing the merits of materiality issues under the Lanham Act, two of which dispose of the issue almost summarily.[10] Thus, to the extent that

---

[10] Of the cases cited by petitioner, only *National Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 855 (2d Cir. 1997), *National Ass'n of Pharmaceutical Mfrs., Inc. v. Ayerst Labs.*, 850 F.2d 904, 917 (2d Cir. 1998), and *Vidal Sassoon, Inc. v. Bristol-Myers Co.*, 661 F.2d 272, 278 (2d Cir. 1981)—as well as an unpublished nonprecedential opinion of the Federal Circuit, *Hewlett-Packard Co. v. Nu-Kote Int'l, Inc.*, 155 F.3d 571, 1998 WL 398818—actually address the issue of materiality in a Lanham Act case. The other cited circuit court decisions, such as *AT&T Co. v. Winback and Conserve Program, Inc.*, 42 F.3d 1421, 1428 n.9 (3d Cir. 1994), merely recite materiality among the elements of liability, *see* Pet. 13-14, 15, or

questions of materiality are presented in Lanham Act cases, it appears that the federal courts are able to resolve them, as the Fifth Circuit did here, without undue difficulty.

Petitioner has no substantial complaint about the decision below. Although it plainly disagrees with the result, that is not the kind of grievance that merits review by this Court.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

PHILLIP A. WITTMANN
C. LAWRENCE ORLANSKY
MICHAEL Q. WALSHE, JR.
STONE, PIGMAN, WALTHER,
WITTMANN & HUTCHINSON
546 Carondelet Street
New Orleans, LA 70130
(504) 581-3200

H. BARTOW FARR, III
Counsel of Record
RICHARD G. TARANTO
FARR & TARANTO
1220 19th Street, NW
Suite 800
Washington, DC 20036
(202) 775-0184

Counsel for Respondents

---

involve the Federal Trade Commission Act, rather than the Lanham Act. *See Novartis Corp. v. FTC*, 223 F.3d 783, 787 (D.C. Cir. 2000). We also note that the McCarthy treatise, cited by the Fifth Circuit (Pet. App. 25a), contains all of one paragraph on materiality, 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 27:35 (4th ed. 1997), and the law review article featured by Pizza Hut (Pet. 2-3), Jean W. Burns, *Confused Jurisprudence: False Advertising Under the Lanham Act*, 79 B.U.L. Rev. 807, 873 (1999), briefly mentions a number of materiality decisions, noting that they "are generally highly fact specific." *Id.*